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C O N F I D E N T I A L SECTION 01 OF 02 KUALA LUMPUR 000178

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SUBJECT: ELECTION AFTERMATH: ABDULLAH AND UMNO STOKE MALAY FEARS

REF: KUALA LUMPUR 160 - MALAYSIA'S ELECTION SHOCK

Classified By: POLITICAL SECTION CHIEF MARK D. CLARK, REASON 1.4 (B AND D).

¶1. (C) Summary: Prime Minister Abdullah Badawi and senior officials from his UMNO party seemingly are using the media to stoke ethnic Malay fears over opposition Chinese political gains at the expense of Malays, using the new Chinese-led opposition government in Penang as the lightning rod. UMNO's coordinated media offensive appears intended to rally ethnic Malays back to UMNO while undermining the Penang state government, and represents the first counter-attack against the opposition that fared so well in the March 8 polls. End Summary.

¶2. (C) In the aftermath of the shocking March 8 election set-back (reftel), Prime Minister Abdullah Badawi and senior officials from his United Malays National Organization (UMNO) party seemingly are using the media to stoke ethnic Malay fears over opposition Chinese political gains at the expense of Malays, using opposition-held Penang as the lightning rod. In bold initial statements, newly-installed Penang Chief Minister Lim Guan Eng of the opposition Democratic Action Party (DAP) announced that his state government would stop implementation of measures under the New Economic Policy (NEP), which provides for Malay preferences in contracting, hiring and other areas. Abdullah and UMNO leaders quickly seized upon this assault on the NEP, a long-held centerpiece of Malay politics, to launch their own offensive against the opposition.

¶3. (U) Since March 11, a day after the King swore in Abdullah for a new term as Prime Minister, the government-dominated Malay-language media, both television and print, have carried strong warnings by the Prime Minister and other senior UMNO leaders against actions that disadvantage Malays and thus fuel racial tensions. In statements carried on Malay television news broadcasts on March 12, Abdullah publicly warned, "the (Penang) state government must not try to create an atmosphere which can cause racial tension...." UMNO Vice President Muhyuddin Yassin told reporters, "I'm not sure if the rights and fate of the Malays will be taken care of...," while a second UMNO Vice President, Ali Rustam, said Penang's decision victimizes Malays. Former de facto Law Minister Nazri Aziz called Malays who voted for the opposition "traitors" and veteran UMNO leader Tan Sri Abdul Aziz said such Malays lacked patriotism.

¶4. (U) The UMNO-owned Utusan, the largest circulation Malay language hard news daily, has led the way in the print media, exemplified by its March 13 front-page headline, "Warning to Guan Eng - Don't Take Actions that Fuel Racial Tensions."

Political columnists cautioned that Penang could break away "like Singapore" and letters from unnamed contributors attracted headlines like "Malays' Survival Threatened." State news agency Bernama carried similar articles, including one on March 13 under the headline "DAP's Arrogance Can Stoke Racial Tension," quoting former deputy Information Minister Ahmad Zahid Hamidi.

¶ 15. (U) Lim Guan Eng and senior leaders of his Democratic Action Party (DAP) tried to refute publicly the UMNO attacks and assure ethnic Malays. The Penang Chief Minister told reporters on March 13 that Malays in his state would not be marginalized and he clarified that doing away with the NEP meant a transparent tender process for government contracts. Lim accused Utusan and the Bernama news agency of inaccurate reporting, and said unnamed parties were spreading tension-building rumors, for example that the Chinese-led Penang government had ordered mosques to turn down the volume in the call for prayers. Lim said, "It is easy to play up this kind of sentiment. If the BN (UMNO's National Front coalition) has any dignity, it should do things according to the facts and not just create issues and they whack us."

¶ 16. (C) Comment: Lim Guan Eng's bold announcement of the end of NEP provided UMNO with a convenient opportunity to play the Malay race card. Charges of marginalization of the Malays at the hands of ethnic Chinese and rumored challenges to the practice of Islam are highly emotive issues in Malaysian politics and invoke memories of the 1969 race riots that followed gains by the Chinese political opposition. UMNO's coordinated public attack on the new Chinese-led government in Penang, carried out primarily in the Malay media, appears intended in part to rally ethnic Malays back to UMNO, following its electoral set-back which saw a swing

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in Malay votes in support of the opposition. Additionally, UMNO's campaign serves to undermine the legitimacy of the Penang state government and represents UMNO's first counter-attack against the opposition that fared so well in the March 8 polls.

¶ 17. (C) UMNO leaders publicly warn the Penang government not to foment unrest, but UMNO's media campaign itself seems intent on stoking the fires. Were demonstrations for Malay rights to break out (or be staged) in Penang, UMNO and BN would have grounds to discredit the fledgling opposition authorities or, in a more extreme scenario, to invoke Article 150 of the Constitution to declare a state of emergency. The intense UMNO media campaign is reminiscent of government tactics used to set the stage for Abdullah's decision in December 2007 to jail ethnic Indian rights activists on national security grounds.

KEITH